

# UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2015



## ORIENT FINANCE PLC

**ORIENT FINANCE PLC**
**STATEMENT OF COMPREHENSIVE INCOME**

<i>For the</i>	Three months ended			Six months ended		
	30-Sep-2015 Rs.	30-Sep-2014 Rs.	Variance %	30-Sep-2015 Rs.	30-Sep-2014 Rs.	Variance %
<b>Income</b>	<b>646,468,903</b>	538,142,636	<b>20.1</b>	<b>882,714,627</b>	894,580,710	<b>(1.3)</b>
Interest and Similar Income	575,007,777	334,719,293	71.8	791,527,916	677,698,328	16.8
Interest and Similar Expenses	(295,864,987)	(216,359,248)	36.7	(440,428,996)	(458,169,363)	(3.9)
<b>Net Interest Income</b>	<b>279,142,790</b>	118,360,045	135.8	<b>351,098,920</b>	219,528,965	59.9
Fee and Commission Income	32,218,430	3,630,768	787.4	32,759,289	8,854,246	270.0
<b>Net Fee and Commission Income</b>	<b>32,218,430</b>	3,630,768	787.4	<b>32,759,289</b>	8,854,246	270.0
Net Trading Income / (Expenses)	-	3,150,951	-	-	3,150,951	(100.0)
Other Operating Income	39,242,696	196,641,624	(80.0)	58,427,422	204,877,185	(71.5)
	<b>39,242,696</b>	<b>199,792,575</b>	<b>(80.4)</b>	<b>58,427,422</b>	<b>208,028,136</b>	<b>(71.9)</b>
<b>Total Operating Income</b>	<b>350,603,916</b>	321,783,388	9.0	<b>442,285,631</b>	436,411,347	1.3
Impairment Charges for Loans and Other Losses	(81,090,584)	(187,800,000)	(56.8)	(126,926,843)	(204,300,000)	(37.9)
<b>Net Operating Income</b>	<b>269,513,332</b>	133,983,388	101.2	<b>315,358,788</b>	232,111,347	35.9
<b>Operating Expenses</b>						
Personnel Expenses	(104,044,707)	(38,186,459)	172.5	(134,220,550)	(77,805,087)	72.5
Depreciation of Property, Plant and Equipment	(9,363,938)	(7,809,944)	19.9	(13,964,744)	(12,938,915)	7.9
Other Operating Expenses	(61,800,862)	(51,591,514)	19.8	(99,292,745)	(102,180,330)	(2.8)
<b>Total Operating Expenses</b>	<b>(175,209,507)</b>	<b>(97,587,917)</b>	<b>79.5</b>	<b>(247,478,039)</b>	<b>(192,924,332)</b>	<b>28.3</b>
<b>Profit / (Loss) Before Tax</b>	<b>94,303,825</b>	36,395,471	159.1	<b>67,880,749</b>	39,187,015	73.2
Income Tax / Deferred Tax (Expense) / Reversal	282,007,733	-	-	282,007,733	-	-
<b>Profit / (Loss) for the Period</b>	<b>376,311,558</b>	36,395,471	934.0	<b>349,888,482</b>	39,187,015	792.9
<b>Other Comprehensive Income / (Expenses)</b>						
Appreciation / (Depreciation) in Fair Value of Available for Sale Financial Assets	(24,781)	-		(24,781)	-	100.0
<b>Total Other Comprehensive Income / (Expenses) for the Period, Net of Tax</b>	<b>(24,781)</b>	-		<b>(24,781)</b>	-	100.0
<b>Total Comprehensive Income for the Period, Net of Tax</b>	<b>376,286,777</b>	36,395,471	933.88	<b>349,863,701</b>	39,187,015	792.8
Basic Earnings per Share	4.92	4.76		4.57	5.12	

Figures in brackets indicate deductions.

The above figures are provisional and subject to audit.

**ORIENT FINANCE PLC**  
**STATEMENT OF FINANCIAL POSITION**

AS AT	Unaudited 30-Sep-2015 Rs.	Audited 31-Mar-2015 Rs.
<b>ASSETS</b>		
Cash and Balances Due from Banks	394,307,719	194,035,452
Due from Banks and Other Financial Institutions	565,814,977	27,258,987
Loans and Advances to Customers	12,440,482,756	4,933,959,608
Financial Investments - Available for Sale	609,155,376	3,200,000
Financial Investments - Held to Maturity	-	695,740,846
Amount Due from Related Parties	-	265,825,725
Economic Service Charges Recoverable	27,367,853	25,744,211
Other Debtors, Deposits & Prepayments	379,622,085	92,794,231
Deferred Tax Asset	275,353,029	54,021
Real Estate Stocks	46,223,606	47,227,436
Brand Value	235,880,000	-
Goodwill	572,115,899	-
Property, Plant & Equipment	457,805,958	446,863,819
<b>Total Assets</b>	<b>16,004,129,258</b>	<b>6,732,704,336</b>
<b>LIABILITIES AND SHAREHOLDERS' FUNDS</b>		
<b>Liabilities</b>		
Bank Overdraft	693,916,410	86,619,893
Due to Customers	8,498,193,663	5,580,072,379
Debt Issued and Other Borrowed Funds	3,773,816,500	31,760,395
Deferred Tax Liabilities	-	50,300,826
Debentures	1,204,000,000	204,000,000
Income Tax Payable	2,136,341	-
Other Liabilities	859,937,557	165,069,120
Retirement Benefit Obligations	52,101,142	44,882,599
	15,084,101,613	6,162,705,212
<b>Shareholders' Funds</b>		
Stated Capital	306,189,810	306,024,990
Statutory Reserve	171,016,612	171,016,612
Revaluation Reserve	116,471,908	116,471,908
Available for Sale Reserve	(3,398,785)	(3,374,004)
Retained Earnings	329,748,100	(20,140,382)
Total Shareholders' Funds	920,027,645	569,999,124
<b>Total Liabilities and Shareholders' Funds</b>	<b>16,004,129,258</b>	<b>6,732,704,336</b>
<b>Net Assets per Share</b>	12.02	7.45


Figures in brackets indicate deductions.

The above figures are provisional and subject to audit.


**Certification**

The Financial Statements are prepared in compliance with the requirements of the Companies Act No. 07 of 2007.

  
 Asela Wijayabandara  
 A.G.M. - Finance

  
 Suresh M. Amerasekera  
 Chief Executive Officer

The Board of Directors is responsible for the preparation and presentation of these financial statements.  
 Approved and signed for and on behalf of the Board.

  
 Sarath Wikramanayake  
 Director

  
 Prakesh V. Jayatilaka  
 Director

Colombo,  
 09th November 2015

**ORIENT FINANCE PLC**

**STATEMENT OF CHANGES IN EQUITY**

	<b>Stated Capital Rs.</b>	<b>Statutory Reserve Rs.</b>	<b>Revaluation Reserve Rs.</b>	<b>Available for Sale Reserve</b>	<b>Investment Fund Reserve</b>	<b>Retained Earnings Rs.</b>	<b>Total Rs.</b>
	-						
Balance as at 31st March, 2014	306,024,990	170,180,249	148,094,569	(7,778,079)	1,868,462	(56,976,957)	561,413,234
Net Profit for the Year	-	-	-	-	-	4,181,815	4,181,815
Transfer to Retained Earnings - Investment Fund	-	-	-	-	(1,868,462)	1,868,462	-
Transfer to Retained Earnings on Disposal Land	-	-	(31,622,661)	-	-	31,622,661	-
Disposal of AFS Investment	-	-	-	4,404,075	-	-	4,404,075
Transfer to Statutory Reserve	-	836,363	-	-	-	(836,363)	-
<b>Balance as at 31st March, 2015</b>	<b>306,024,990</b>	<b>171,016,612</b>	<b>116,471,908</b>	<b>(3,374,004)</b>	<b>-</b>	<b>(20,140,382)</b>	<b>569,999,124</b>
Issue of shares	164,820	-	-	-	-	-	164,820
Net Profit for the Year	-	-	-	-	-	349,888,482	349,888,482
Fair Value Changes of AFS Financial Assets	-	-	-	(24,781)	-	-	(24,781)
<b>Balance as at 30th September, 2015</b>	<b>306,189,810</b>	<b>171,016,612</b>	<b>116,471,908</b>	<b>(3,398,785)</b>	<b>-</b>	<b>329,748,100</b>	<b>920,027,646</b>

Figures in brackets indicate deductions.

**ORIENT FINANCE PLC**  
**CASH FLOW STATEMENT**

	<b>For the six months ended</b>	
	<b>30-Sep-2015</b>	<b>30-Sep-2014</b>
	<b>Rs.</b>	<b>Rs.</b>
Profit Before Taxation	67,880,749	39,187,016
<b>Adjustment for :</b>		
Depreciation	13,964,744	12,938,915
Impairment Charges for Loans and Other Losses	126,926,843	204,300,000
(Profit) / Loss on Disposal of Property, Plant & Equipment	(20,428,936)	(32,928,980)
Interest Income on Investments	(33,256,528)	(57,570,273)
Provision for Staff Retirement Benefits	3,198,358	6,000,000
Interest on Borrowings	440,428,996	41,912,744
<b>Operating Profit / (Loss) Before Working Capital Changes</b>	<b>598,714,226</b>	<b>213,839,422</b>
<b>(Increase) / Decrease in Operating Assets</b>		
Net (Payment) / Receipt from Loan and Advances	(213,157,460)	27,174,413
Sale Proceeds / (Investment Made) on Real Estate Stock	1,003,830	29,811,120
Net / (Payment) Receipt Other Receivables, Deposit & Prepayment	(119,315,795)	(53,232,177)
(Increase) / Decrease of Amount Due from Related Parties	265,825,725	-
Net Placement of Fixed & Saving Deposit Made by Customers	(461,390,647)	(88,697,041)
Net Payment to the Creditors & Accruals	(159,374,915)	71,705,252
<b>Cash Generated from / (Used in) Operations</b>	<b>(87,695,036)</b>	<b>200,600,989</b>
Gratuity Paid	(8,930,673)	(1,361,481)
Income Tax Paid	-	-
Economic Service Charges Paid	-	-
<b>Net Cash from / (Used in) Operating Activities</b>	<b>(96,625,709)</b>	<b>199,239,508</b>
<b>Cash Flows from Investing Activities</b>		
Payment to shareholders of former Orient Finance PLC	(1,730,741,430)	-
Dividend Received	-	216,041
Interest Received on Investments	33,252,925	30,742,369
Acquisition of Property, Plant and Equipment	(2,684,546)	(960,003)
Sales Proceeds from Investment Property	-	128,000,000
(Increase) / Decrease of Investments	28,832,317	194,015,761
Sales Proceeds from Property, Plant & Equipment	34,525,887	43,725,000
<b>Net Cash from / (Used in) Investing Activities</b>	<b>(1,636,814,847)</b>	<b>395,739,168</b>
<b>Cash Flows from Financing Activities</b>		
Interest on Borrowings	(440,428,996)	(13,296,329)
Net Borrowings / (Repayment) of Interest Bearing Borrowings	1,766,845,304	(290,466,951)
<b>Net Cash from / (Used in) Financing Activities</b>	<b>1,326,416,308</b>	<b>(303,763,280)</b>
Net Increase / (Decrease) in Cash and Cash Equivalents	(407,024,250)	291,215,396
<b>Cash and Cash Equivalents at the Beginning of the Period (Note A)</b>	<b>107,415,559</b>	<b>199,513,683</b>
<b>Cash and Cash Equivalents at the End of the Period (Note B)</b>	<b>(299,608,691)</b>	<b>490,729,079</b>
<b>Cash and Cash Equivalents at the Beginning of the Period</b>		Note A
Cash in Hand and Cash at Bank	194,035,452	200,985,276
Bank Overdraft	(86,619,893)	(1,471,593)
	<b>107,415,559</b>	<b>199,513,683</b>
<b>Cash and Cash Equivalents at the End of the Period</b>		Note B
Cash in Hand and Cash at Bank	394,307,719	524,368,675
Bank Overdraft	(693,916,410)	(33,639,596)
	<b>(299,608,691)</b>	<b>490,729,079</b>

Figures in brackets indicate deductions.  
The above figures are provisional and subject to audit.

**ORIENT FINANCE PLC**

**STATEMENT OF CHANGES IN EQUITY**

**Business Segments**

The Company has two reportable segments, as described below, which are the Company's strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the Company's management reviews internal management reports on at least a monthly basis. The following summary describes the operations in each of the Company's reportable segments.

Hire Purchase & Leasing - Provision of Hire Purchase and Leasing Facilities to customers  
 Factoring - Debt Factoring

For the Period Ended September	Lease & Hire purchase		Factoring		Unallocated		Total	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
<b>Income</b>								
Interest Income	758,549,182	782,488,661	32,477,304	-	501,430	9,039,255	791,527,916	677,698,328
Interest Expenses	(419,543,526)	(458,169,363)	(20,558,714)	-	(326,756)	(6,111,141)	(440,428,996)	(458,169,363)
<b>Net Interest Income</b>	<b>339,005,656</b>	<b>324,319,298</b>	<b>11,918,590</b>	<b>-</b>	<b>174,674</b>	<b>2,928,114</b>	<b>351,098,920</b>	<b>219,528,965</b>
Fee based income & Others	13,766,343	177,221,237	8,426,883	-	68,993,485	39,661,145	91,186,711	216,882,382
<b>Total Operating Income</b>	<b>352,771,999</b>	<b>204,019,594</b>	<b>20,345,473</b>	<b>-</b>	<b>69,168,159</b>	<b>42,589,259</b>	<b>442,285,631</b>	<b>436,411,347</b>
Impairment Charges for Loans and Other Losses	(118,182,746)	(204,300,000)	(8,828,473)	-	84,376	-	(126,926,843)	(204,300,000)
<b>Segmental Results</b>	<b>234,589,253</b>	<b>204,019,594</b>	<b>11,517,000</b>	<b>-</b>	<b>69,252,535</b>	<b>42,589,259</b>	<b>315,358,788</b>	<b>232,111,347</b>
Expenses	(165,465,086)	(192,924,332)	(8,742,636)	-	(73,270,317)	-	(247,478,039)	(192,924,332)
<b>Profit / (Loss) Before Tax</b>	<b>69,124,166</b>	<b>11,095,262</b>	<b>2,774,364</b>	<b>-</b>	<b>(4,017,782)</b>	<b>42,589,259</b>	<b>67,880,749</b>	<b>39,187,015</b>
Income Tax Expenses	-	-	-	-	282,007,733	-	282,007,733	-
<b>Profit / (Loss) for the Period</b>	<b>69,124,166</b>	<b>11,095,262</b>	<b>2,774,364</b>	<b>-</b>	<b>277,989,952</b>	<b>223,034,740</b>	<b>349,888,482</b>	<b>39,187,015</b>
<b>Segmental Assets</b>	<b>11,675,949,254</b>	<b>5,574,525,160</b>	<b>752,900,357</b>	<b>-</b>	<b>3,575,279,647</b>	<b>1,158,179,176</b>	<b>16,004,129,258</b>	<b>6,732,704,336</b>
<b>Segmental Liabilities</b>	<b>399,977,948</b>	<b>5,092,286,224</b>	<b>-</b>	<b>-</b>	<b>14,684,123,664</b>	<b>1,070,418,988</b>	<b>15,084,101,612</b>	<b>6,162,705,212</b>

**Explanatory Notes**

1. These Interim Financial Statements of the Company have been prepared based on the Sri Lanka Accounting Standards that came into effect from 01st January 2012 (SLFRS/LKAS). There were no changes to the Accounting Policies and methods of computation since the publication of the Audited Financial Statements for the Year Ended 31st March 2015. Further, these Interim Financial Statements have been prepared in compliance with the requirements of the Sri Lanka Accounting Standard 34 (LKAS 34) on Interim Financial Reporting. Previous year figures and phrases have been re-arranged wherever necessary to conform to the current presentation.
2. There are no material events that took place after the reporting date that require adjustments to or disclosure in the Financial Statements except the following.
  - 2.1 As per the Central Bank guidelines on Investment Tax Relief on Financial Sector Consolidation, a Deferred Tax gain of Rs. 282 Mn on the purchase consideration paid to owners of former Orient Finance PLC has been recognised to the comprehensive income, to the extent of future profit estimates.
  - 2.2 There is no income tax liability since qualifying payment on acquisition of Assets and Liabilities of former Orient Finance PLC can be deducted from the assessable income.
  - 2.3 The company has increased its Ordinary Shares by way of a sub-division thereof without any changes to the stated capital of the Company. Sub division has been done by splitting every one existing ordinary share into 10 ordinary shares. Accordingly the number of shares has been increased to 76,518,370 without any change to the Stated Capital of the Company.
  - 2.4 Pursuant to the Shareholder approval at the Extraordinary General Meeting held on 25th June 2015, the Assets and Liabilities of Orient Finance PLC (OFP) were amalgamated with Bartleet Finance PLC (BFP) in terms of part VIII of section 239 of Companies act No. 07 of 2007.

Further BFP is the surviving entity upon the completion of the amalgamation and continues its activities as a single legal entity which is a licensed finance Company. The amalgamation is effective from 16th July 2015, the date approved by the Registrar of Companies.

Subsequently on 14th August 2015 the Company was renamed as Orient Finance PLC.
- e Out of the total Goodwill on the acquisition of Orient Finance PLC, Rs.236 Mn has been allocated as Brand Value of former Orient Finance PLC and balance 572 Mn has been recognized as Goodwill in the Balance Sheet.
3. All known expenses have been provided for in these Financial Statements.
4. There are no significant changes in the nature of the Contingent Assets or Contingent Liabilities which were disclosed in the Audited Financial Statements for the year ended 31st March 2015.

**ORIENT FINANCE PLC****NOTES TO THE FINANCIAL STATEMENTS****Ordinary Share Information**

The Company's Ordinary Shares are not quoted in the Colombo Stock Exchange (CSE).

<u>Stated Capital</u>	<u>30th September 2015</u>	<u>30th September 2014</u>
Value of Ordinary Shares (Rs.)	306,189,810	306,024,990
No. of Ordinary Shares	76,518,370	7,650,624

**Shareholders as at 30th September 2015**

<u>Name</u>	<u>No. of Shares</u>	<u>%</u>
1. Janashakthi PLC	76,481,120	99.95%
2. Mr. N. A. De Silva	12,500	0.02%
3. Mrs. M.C.N. De Saram	12,500	0.02%
4. Mr. D. C.R. Gunawardena	20	0.00%
5. Mr. C.P. Malalanayake	10	0.00%
6. Mr. K.C.S. Jayatilaka	1,100	0.00%
7. Mr. E.A.N.K. Abeyawardena	11,020	0.01%
8. Mr. C.T.A. Schaffter	10	0.00%
9. Mr. P.A. Schaffter	10	0.00%
10. Mr. R. Schaffter	10	0.00%
11. Mrs. M. Mathews	10	0.00%
12. Mr. D. Schaffter	10	0.00%
13. Mrs. L.S. Schaffter	10	0.00%
14. Mrs. E.S. Schaffter	10	0.00%
15. Mrs. E.A.M.S. Schaffter	10	0.00%
17. Mr. J.P. Mathews	10	0.00%
18. Mrs. T.S. Schaffter	10	0.00%
Total	<u>76,518,370</u>	<u>100.00%</u>

**Directors' Shareholding as at 30th September 2015**

<u>Name of the Director</u>	<u>No. of Shares</u>	<u>%</u>
1. Dr. D.C. Jayasuriya PC - Chairman	-	-
2. Mr. Prakash Schaffter	10	-
3. Mr. Ramesh Schaffter	10	-
4. Mrs. Lakshmi K. Gunatilake	-	-
5. Mr. D. Sarath P. Wikramanayake	-	-
6. Mr. Ananda W. Atukorala	-	-
7. Mr. K. M. A. T. B. Tittawella	-	-
8. Mr. A. I. Fernando	-	-
9. Ms. Minette D. A. Perera	-	-
Total	<u>20.00</u>	<u>-</u>

**CEO's Shareholding as at 30th September 2015**

Mr. Suresh M. Amerasekera - -

<b>Public Holding as at 30th September 2015</b>	37,150	0.03%
Number of Public Shareholders	6	



**ORIENT FINANCE PLC**
**NOTES TO THE FINANCIAL STATEMENTS**

<b>Listed Debenture Information</b>		
<b>Debenture</b>	30-Sep-15	30-Sep-14
Debentures Issued in 2011 (Deb. 01)	204,000,000	204,000,000
Debentures Issued in 2014 (Deb. 02)	<u>1,000,000,000</u>	<u>-</u>
	<u>1,204,000,000</u>	<u>204,000,000</u>
	<u>30th September 2015</u>	<u>30th September 2014</u>
<b>Debenture 01</b>		
Market Prices - Debenture		
Highest price	93.78	100.00
Lowest price	83.78	83.78
Last traded price	93.78	83.78
<b>Debenture 02</b>		
Market Prices - Debenture		
Highest price	Not Traded as at 30	
Lowest price	Sep 2015	
Last traded price		
Debt to Equity Ratio (Times)	15.40	10.51
Interest Coverage Ratio (Times)	1.15	1.17
Liquid Asset Ratio	20.44%	16.00%
Interest Rate of Comparable Government Securities	7.33%	8.93%
Interest Yield as at Date of Last Trade (28/09/2015)	13.86%	12.88%
Yield to maturity of trade done on (28/09/2015)	21.92%	12.37%

## CORPORATE INFORMATION

### NAME OF THE COMPANY

Orient Finance PLC

### LEGAL FORM

A public limited liability company incorporated on 24th July 1981 under the Companies Act No.17 of 1982 and was re-registered in terms of the Companies Act No. 07 of 2007 on 27th July 2009.

The Company is registered under the Finance Business Act No.42 of 2011 and Finance Leasing Act No.56 of 2000.

### COMPANY REGISTRATION NUMBER

PB 1079 PQ (previous PVS/PBS 7651)

### TAX PAYER IDENTIFICATION NUMBER

104076513

### BOARD OF DIRECTORS

Dr. D.C. Jayasuriya PC - Chairman  
Mr. Prakash Schaffter  
Mr. Ramesh Schaffter  
Mrs. Lakshmi K. Gunatilake  
Mr. D. Sarath P. Wikramanayake  
Mr. Ananda W. Atukorala  
Mr. K. M. A. T. B. Tittawella  
Mr. Indrajith Fernando  
Ms. Minette D. A. Perera

### STOCK EXCHANGE LISTING

The Debentures of the Company are listed on the Main Board of the Colombo Stock Exchange of Sri Lanka.

### HEAD OFFICE

18, Sri Sangaraja Mawatha  
Colombo 10  
Tel : 0117 577 577  
Fax : 0117 444 200  
Web : [www.orientfinance.com](http://www.orientfinance.com)  
E-mail : [orientfinance@orient.lk](mailto:orientfinance@orient.lk)

### COMPANY SECRETARY

KHL Corporate Services Ltd,  
No. 02, Deal Place, Colombo 03.  
Tel : 0112 639 878  
Fax : 0112 639 868

### EXTERNAL AUDITORS

BDO Partners,  
Chartered Accountants,  
"Charter House", 65/2,  
Sir Chittampalam A Gardiner Mawatha,  
Colombo 02.

### ACCOUNTING YEAR END

31st March